

OPENING REMARKS BY KAREN STUART EXECUTIVE DIRECTOR, ASSOCIATION OF TALENT AGENTS

Good afternoon to you all. I'm glad that we were able to meet again and keep moving forward. As you know, we are here with just under three weeks to make a new agreement as we continue to focus on our common interests.

On Common Ground. As we've said from the beginning, we actually have quite a bit of common ground. Writers should be paid on time. Writers should not be asked to do free work. Writers should expect a safe and supportive work environment. Writers should have greater insights and transparency into agency operations and agreements. And, we collectively should be driving for increased diversity in our industry.

We appreciated the tenor and tone of your remarks and our dialogue last week – there seemed to be a bit of a shift in tone that we expect was driven by our clients' – your members' – demand that both sides find a way to reach an agreement before the deadline. As you noted, this is a complex and challenging situation for both parties. We recognize there are two big issues standing between us and finding a resolution can be challenging when positions become entrenched.

Choice, Safeguards & Transparency. We worked in good faith to present writers with a balanced and reasonable solution that tried earnestly to bridge that divide. Packaging is a decades-old practice that has become an intrinsic part of our businesses. Affiliated production, while a much more recently adopted practice, likewise has become an important alternative for writers and other artists in the new entertainment landscape driven by consolidation, streaming giants and globalization. Agencies participating in both are creating job opportunities where they otherwise would not exist, and produce significant financial benefits for writers. Our agencies are offering an alternative pathway as studios have shifted production practices and mega-conglomerates are growing with no conscience for the writer.

But we continue to listen to our clients when they explain to us their concerns, and why it is time to review and update the way we have been doing business in packaging, and when it comes to affiliate production. In response, we spent a significant amount of time developing new proposals for your consideration that sought to provide your members and our clients choice, more enforcement mechanisms, and greater disclosure and transparency.

We genuinely believed our proposals – offering some greater controls and safeguards that would give your members and our writer clients more comfort and decision-making power in this new

landscape – were the most serious attempt yet, from either side, to reach across the metaphorical wall to making a deal.

WGA Retrenches & Offers Old Proposal. As you've seen us express publicly, however, we walked away from our last meeting feeling frustrated. Following suit from our proposals, we expected to see a point-by-point response with some movement from your side on the material issues in dispute. We expected to see your new counter proposals in response to the work and concepts that we had provided you as a well-developed starting point.

Instead, we were presented with your original Code of Conduct simply reformatted with a new title. In essence, it contained all the same terms and didn't respond to any of our new offers. And, it even included additional provisions that are onerous – and you had to know would be completely unacceptable – to agents.

Your approach and proposed Code rob WGA members of choice and decision-making power. It's a unilateral mandate that assumes writers can't make good decisions for themselves. It wipes out financial confidentiality for writers. And, it gives the guild an unprecedented and inappropriate level of power and control over agency operations. Agents, by law, are fiduciaries of our individual clients. We *cannot* share their confidential information without their consent. And while we deeply respect this Guild, any agreement that we ultimately reach has to account for that reality.

Despite the improved tone in the room, we felt that we all took a big step backwards after that last meeting. We don't want to let that happen so we're trying again.

Bringing Data & Facts for Writers. Last week, we presented writers a solution based on choice, safeguards and transparency. This week, to further the dialogue and demonstrate our good will and desire to genuinely find a deal in the next three weeks, we're providing data and facts. As writers are asked to support one path or another, we believe they should have substantiated data on which to make an informed decision.

As you may have seen today, the ATA released a new report by an international, specialized consulting firm that analyzed packaging fees in the 2017/18 television season. The agencies currently responsible for the vast majority of all industry packaging submitted data, which was aggregated and anonymized.

I presume you'll need time to review this information, but the facts are clear. If you eliminate packaging, the WGA will destabilize and hurt the broader entertainment ecosystem, including writers, actors, directors, managers and producers. Artists would have had to pay \$110 million in commissions. Writers alone would have had to pay \$49 million in commissions. Studios are paying fees now in lieu of agencies commissioning, but your proposal would put the burden of

commissions back on the artists and take this money directly out of artists' pockets, hurting their families and livelihood.

For perspective and context, your Guild was very proud to have achieved \$130 million in wage increases from your last AMPTP negotiation. You should be proud of that accomplishment. However, if you remove packaging, the gain you fought for essentially will be wiped out for writers after just 3 years (\$49 million x 3 years). It went in one pocket and went right out the other.

In addition to the data on television packaging, we're also here today to answer your questions regarding film financing, sales and distribution. You presented us with a series of questions last week and we've worked through them and have answers for you.

Call for Small Group Work Sessions. So where do we go from here, and how do we break through this seemingly intractable position on packaging and affiliated production? We understand your desire to negotiate as a whole, but this is a very large group (you have more than 35 people at this table). It frankly doesn't lend itself to a responsible dive and real discussion of the fine points. This current environment is unfortunately built for theatrics and one-way dialogues. Of course, we understand that the Guild is representing its members in a collective fashion to reach a new agreement, but this is not collective bargaining and we are neither employers nor employees.

We've now offered several times to break into smaller groups to roll up our sleeves and work through the substantive issues of packaging, affiliated production and any other open issues. We understand that your membership would very much like to learn the facts. We're willing to bring in additional experts from our member agencies to review our data, and explain operations more fully so you have a greater understanding of the market forces and the financial arrangements. We're hopeful that doing so will provide clarity and comfort in the solutions that we have offered and will ultimately protect WGA members and our writer clients as you want to do.

Call to Action. If we don't start breaking this down and finding ways to bridge the divide, we will be putting our writers in an incredibly difficult position on April 6. That simply isn't fair to your members and our clients, and no one wants that to happen. We have three short weeks before a dark cloud of uncertainty will hang over Hollywood and we can't allow that to happen.

However, if we don't reach an agreement, our clients are asking us incredibly important questions about what happens on April 6th. They need answers and deserve to fully understand your demands of them and us, and we intend to raise some of the most pressing ones today.

We have to keep stepping forward, even in small, incremental gains and compromises. Doing so will build trust and show writers that both sides are trying their best to solve an incredibly hard challenge. We are committed to getting this done. Thank you all for your time.

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